

109TH CONGRESS
2D SESSION

S. 2830

To amend the automobile fuel economy provisions of title 49, United States Code, to reform the setting and calculation of fuel economy standards for passenger automobiles, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2006

Mr. LOTT (for himself and Mr. PRYOR) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend the automobile fuel economy provisions of title 49, United States Code, to reform the setting and calculation of fuel economy standards for passenger automobiles, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Corporate Average
5 Fuel Economy Reform Act of 2006”.

1 **SEC. 2. CAFE STANDARDS FOR PASSENGER AUTOMOBILES.**

2 (a) AVERAGE FUEL ECONOMY STANDARDS FOR
3 AUTOMOBILES.—Section 32902 of title 49, United States
4 Code, is amended—

5 (1) by striking subsections (b) and (c) and in-
6 serting the following:

7 “(b) PASSENGER AUTOMOBILES.—

8 “(1) IN GENERAL.—At least 18 months before
9 the beginning of each model year, the Secretary of
10 Transportation shall prescribe by regulation average
11 fuel economy standards for passenger automobiles
12 manufactured by a manufacturer in that model year.
13 Each standard shall be the maximum feasible aver-
14 age fuel economy level that the Secretary decides the
15 manufacturers can achieve in that model year. The
16 Secretary may prescribe separate standards for dif-
17 ferent classes of passenger automobiles.

18 “(2) MINIMUM STANDARD.—In prescribing a
19 standard under paragraph (1), the Secretary shall
20 ensure that no manufacturer’s standard for a par-
21 ticular model year is less than the greater of—

22 “(A) the standard in effect on the date of
23 enactment of the Corporate Average Fuel Econ-
24 omy Reform Act of 2006; or

1 “(B) a standard established in accordance
2 with the requirement of section 5(c)(2) of that
3 Act.

4 “(c) FLEXIBILITY OF AUTHORITY.—

5 “(1) IN GENERAL.—The authority of the Sec-
6 retary to prescribe by regulation average fuel econ-
7 omy standards for automobiles under this section in-
8 cludes the authority to prescribe standards based on
9 one or more vehicle attributes that relate to fuel
10 economy, and to express the standards in the form
11 of a mathematical function. The Secretary may issue
12 a regulation prescribing standards for one or more
13 model years.

14 “(2) REQUIRED LEAD-TIME.—When the Sec-
15 retary prescribes an amendment to a standard under
16 this section that makes an average fuel economy
17 standard more stringent, the Secretary shall pre-
18 scribe the amendment at least 18 months before the
19 beginning of the model year to which the amend-
20 ment applies.

21 “(3) NO ACROSS-THE-BOARD INCREASES.—
22 When the Secretary prescribes a standard, or pre-
23 scribes an amendment under this section that
24 changes a standard, the standard may not be ex-
25 pressed as a uniform percentage increase from the

1 fuel-economy performance of automobile classes or
2 categories already achieved in a model year by a
3 manufacturer.”;

4 (2) by inserting “motor vehicle safety, emis-
5 sions,” in subsection (f) after “economy,”;

6 (3) by striking “energy.” in subsection (f) and
7 inserting “energy and reduce its dependence on oil
8 for transportation.”;

9 (4) by striking subsection (j) and inserting the
10 following:

11 “(j) COMMENTS FROM DOE AND EPA.—

12 “(1) NOTICE OF PROPOSED RULEMAKING.—Be-
13 fore issuing a notice proposing to prescribe or
14 amend an average fuel economy standard under sub-
15 section (a), (b), or (g), the Secretary of Transpor-
16 tation shall give the Secretary of Energy and the
17 Administrator of the Environmental Protection
18 Agency at least 10 days to comment on the proposed
19 standard or amendment. If the Secretary of Energy
20 or the Administrator concludes that the proposed
21 standard or amendment would adversely affect the
22 conservation goals of the Department of Energy or
23 the environmental protection goals of the Environ-
24 mental Protection Agency, respectively, the Sec-
25 retary or the Administrator may provide written

1 comments to the Secretary of Transportation about
2 the impact of the proposed standard or amendment
3 on those goals. To the extent that the Secretary of
4 Transportation does not revise a proposed standard
5 or amendment to take into account the comments, if
6 any, the Secretary shall include the comments in the
7 notice.

8 “(2) NOTICE OF FINAL RULE.—Before taking
9 final action on a standard or an exemption from a
10 standard under this section, the Secretary of Trans-
11 portation shall notify the Secretary of Energy and
12 the Administrator of the Environmental Protection
13 Agency and provide them a reasonable time to com-
14 ment on the standard or exemption.”; and

15 (5) by adding at the end thereof the following:

16 “(k) COSTS–BENEFITS.—The Secretary of Transpor-
17 tation may not prescribe an average fuel economy stand-
18 ard under this section that imposes marginal costs that
19 exceed marginal benefits, as determined at the time any
20 change in the standard is promulgated.”.

21 (b) EXEMPTION CRITERIA.—The first sentence of
22 section 32904(b)(6)(B) of title 49, United States Code,
23 is amended—

(1) by striking “exemption would result in reduced” and inserting “manufacturer requesting the exemption will transfer”;

(2) by striking “in the United States” and inserting “from the United States”; and

(3) by inserting “because of the grant of the exemption” after “manufacturing”.

(c) CONFORMING AMENDMENTS.—

(1) Section 32902 of title 49, United States Code, is amended—

(A) by striking “or (c)” in subsection (d)(1);

(B) by striking “(c),” in subsection (e)(2);

(C) by striking “subsection (a) or (d)” each place it appears in subsection (g)(1) and inserting “subsection (a), (b), or (d)”;

(D) by striking “(1) The” in subsection (g)(1) and inserting “The”;

(E) by striking subsection (g)(2); and

(F) by striking “(c),” in subsection (h) and inserting “(b),”.

(2) Section 32903 of such title is amended by striking “section 32902(b)–(d)” each place it appears and inserting “subsection (b) or (d) of section 32902”.

1 (3) Section 32904(a)(1)(B) of such title is
 2 amended by striking “section 32902(b)–(d)” and in-
 3 serting “subsection (b) or (d) of section 32902”.

4 (4) The first sentence of section 32909(b) of
 5 such title is amended to read “The petition must be
 6 filed not later than 59 days after the regulation is
 7 prescribed.”.

8 (5) Section 32917(b)(1)(B) of such title is
 9 amended by striking “or (c)”.

10 **SEC. 3. USE OF EARNED CREDITS.**

11 Section 32903 of title 49, United States Code, is
 12 amended—

13 (1) by striking “3 consecutive model years” in
 14 subsection (a)(1) and subsection (a)(2) and inserting
 15 “5 consecutive model years”;

16 (2) by striking “3 model years” in subsection
 17 (b)(2) and inserting “5 model years”;

18 (3) by redesignating subsection (f) as sub-
 19 section (g); and

20 (4) by inserting after subsection (e) the fol-
 21 lowing:

22 “(f) CREDIT TRANSFERS.—The Secretary of Trans-
 23 portation may permit by regulation, on such terms and
 24 conditions as the Secretary may specify, a manufacturer
 25 of automobiles that earns credits to transfer such credits

1 attributable to one of the following production segments
 2 in a model year to apply those credits in that model year
 3 to the other production segment:

4 “(1) Passenger-automobile production.

5 “(2) Non-passenger-automobile production.

6 In promulgating such a regulation, the Secretary shall
 7 take into consideration the potential effect of such trans-
 8 fers on creating incentives for manufacturers to produce
 9 more efficient vehicles and domestic automotive employ-
 10 ment.”.

11 **SEC. 4. USE OF CIVIL PENALTIES FOR RESEARCH AND DE-**
 12 **VELOPMENT.**

13 Section 32912 of title 49, United States Code, is
 14 amended by adding at the end thereof the following:

15 “(e) RESEARCH AND DEVELOPMENT AND USE OF
 16 CIVIL PENALTIES.—

17 “(1) All civil penalties assessed by the Secretary
 18 or by a Court shall be credited to an account at the
 19 Department of Transportation and shall be available
 20 to the Secretary to carry out the research program
 21 described in paragraph (2).

22 “(2) The Secretary shall carry out a program
 23 of research and development into fuel saving auto-
 24 motive technologies and to support rulemaking re-

1 lated to the corporate average fuel economy pro-
2 gram.”.

3 **SEC. 5. EFFECTIVE DATE.**

4 (a) IN GENERAL.—Except as provided in subsection
5 (b), this Act, and the amendments made by this Act, take
6 effect on the date of enactment of this Act.

7 (b) TRANSITION FOR PASSENGER AUTOMOBILE
8 STANDARD.—Notwithstanding subsection (a), and except
9 as provided in subsection (c)(2), until the effective date
10 of a standard for passenger automobiles that is issued
11 under the authority of section 32902(b) of title 49, United
12 States Code, as amended by this Act, the standard or
13 standards in place for passenger automobiles under the
14 authority of section 32902 of that title, as that section
15 was in effect on the day before the date of enactment of
16 this Act, shall remain in effect.

17 (c) RULEMAKING.—

18 (1) INITIATION OF RULEMAKING UNDER
19 AMENDED LAW.—Within 60 days after the date of
20 enactment of this Act, the Secretary of Transpor-
21 tation shall initiate a rulemaking for passenger auto-
22 mobiles under section 32902(b) of title 49, United
23 States Code, as amended by this Act.

24 (2) AMENDMENT OF EXISTING STANDARD.—
25 Until the Secretary issues a final rule pursuant to

1 the rulemaking initiated in accordance with para-
2 graph (1), the Secretary shall amend the average
3 fuel economy standard prescribed pursuant to sec-
4 tion 32092(b) of title 49, United States Code, with
5 respect to passenger automobiles in model years to
6 which the standard adopted by such final rule does
7 not apply.

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